



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

15 August 21, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

August 21, 2012

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First District

Mark Ridley-Thomas
Second District

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Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF MEASURE B RATE INCREASE
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to increase the Measure B Trauma, Emergency, and Bioterrorism Response property assessment rate as authorized under the provisions of Measure B, approved by this County's voters on November 5, 2002.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services (Director) to implement a rate adjustment to increase the Measure B Trauma, Emergency, and Bioterrorism Response (Measure B) property assessment rate by twenty-five hundredths of one cent (\$0.0025) per improved square foot, for a total of \$0.0424 per improved square foot, effective July 1, 2012, to take into account the cumulative increase in the medical component of the prescribed Consumer Price Index (CPI) from July 1, 2010 through June 30, 2012.

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patient-centered, cost-effective health
care to Los Angeles County residents
through direct services at DHS facilities
and through collaboration with
community and university partners.



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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommendation will provide additional annual funding, beginning in FY 2012-13, for services which includes; trauma centers and emergency medical services for County and non-county hospitals; and bioterrorism preparedness and response activities performed by the Department of Public Health (DPH). The Measure B property assessment was approved in November 2002. Measure B provides substantial benefits to the County hospitals, non-County hospitals and physicians. A significant amount of uncompensated costs remain within the trauma and emergency network. Additionally, uncompensated cost exists for DPH bioterrorism preparedness and response activities. The provisions of Measure B specifically allows for the adjustment of property assessment rates based on increases in the cost of providing medical services.

Allocation to County Hospitals

Between FY 2003-04 and FY 2011-12, unreimbursed trauma and emergency costs at County hospitals averaged \$344.0 million a year (ranging from \$280.0 million to \$408.0 million). Measure B funding to County hospitals covered an average of 49 percent of the unreimbursed trauma and emergency costs. DHS hospital enterprise designation funds were used to balance the budget shortfalls, including funding gaps for unreimbursed trauma and emergency costs. The provision of additional Measure B funds to County hospitals will help offset an additional portion of the unreimbursed costs.

Allocation to Non-County Trauma Hospitals

On June 26, 2012 the Board of Supervisors approved an amendment to extend the non-county trauma hospitals for six months through December 31, 2012, with substantially similar payment terms as the previous two year agreements. Due to the lack of funding sources identified during the negotiation process, these contracts do not provide for any increase in funding other than an approved increase in the Measure B property assessment rate. Based on unreimbursed cost for services provided to County responsible patients, providers continue to incur significant losses as a result of increased costs. The additional Measure B funds from this CPI increase would assist in offsetting a portion of the growing unreimbursed cost of trauma and emergency care provided to county responsible patients by the non-county trauma hospitals.

Allocation to Department of Public Health

In the area of bioterrorism and public health emergency preparedness and response, DPH has continuing needs in developing disease and health event surveillance, laboratory detection and investigation response capability related to potential acts of biological, chemical and radiological terrorism. These threats continue to be of concern because of the prominence of Los Angeles as a population, civic, cultural, and economic center. This Measure B rate increase will allow the County to fund a portion of these increasing costs for bioterrorism and emergency preparedness and response.

Implementation of Strategic Plan Goals

The recommended action supports Goal 2, Fiscal Sustainability, and 3, Integrated Services Delivery, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The Measure B rate increase will generate additional revenue of approximately \$15.7 million beginning in FY 2012-13, of which a maximum \$2.3 million will be provided to Non-County Trauma Hospitals in accordance with the terms of their Trauma Center Service Agreements (TCSA). Of the remaining \$13.4 million, \$12.8 million is proposed to be used to partially offset the unreimbursed costs of trauma and emergency services provided to indigents at DHS facilities and \$0.6 million is proposed to be used to support DPH bioterrorism preparedness and response activities, as provided for in the Measure B Initiative.

DHS will work with Chief Executive Office to include this additional funding and appropriations in the recommendations for the Board's consideration during the Supplemental changes phase of the FY 2012-13 budget process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 5, 2002, County voters enacted the Measure B Trauma Property Tax Assessment, a special tax on building improvements of three cents (\$0.03) per square foot parcel to fund trauma and emergency services and bioterrorism preparedness efforts Countywide. The terms of Measure B allow the Board to increase the rate of three cents (\$0.03) per improved square foot annually, as adjusted by the cumulative increase to the medical component of the CPI since July 1, 2003.

On August 12, 2008, the Board approved a rate adjustment to increase the initial Measure B property assessment rate from three cents (\$0.0300) per improved square foot to three and seventy-two hundredths cents (\$0.0372) per improved square foot, based on the cumulative increase in the medical component of the CPI from July 1, 2003 to May 30, 2008. This action provided an additional \$45.2 million in revenue beginning in 2008-09 and additional funding for the Countywide system of trauma centers, emergency medical services, and bioterrorism response activities.

On August 24, 2010, the Board approved a rate adjustment to increase the Measure B property assessment rate from three and seventy-two hundredths cents (\$0.0372) per improved square foot to three and ninety-nine hundredths cents (\$0.0399) per improved square foot. These rates were based on the cumulative increase in the medical component of the CPI from June 1, 2008 to June 30, 2010.

The Board has the option to approve the requested increase, or any increment up to a maximum of twenty-five hundredths of one cent (\$0.0025), during any future fiscal year. The associated revenue increase for FY 2012-13 would be lost if the recommended rate increase is not approved and implemented in the FY 2012-13 property tax bills. Accordingly, the Board's approval is needed no later than August 31, 2012 to provide sufficient time to incorporate the rate increase into the FY 2012-13 property tax bills to ensure these increased revenues can be received.

In accordance with the TCSA, the 12 non-county trauma hospitals, approved by the Board on June 26, 2012, and based on the recommended rate increase, the 12 non-county trauma hospitals will receive an increase of approximately \$2.3 million to their annual contract maximum funding, and Medi-Cal matching funds of approximately \$1.6 million, bringing their total additional annual funding to \$3.9 million for FY 2012-13.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended Measure B rate increase will assist DHS in maintaining the current level of service within the emergency and trauma network, and strengthen DPH's bioterrorism and emergency preparedness and response capabilities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:rb

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Auditor-Controller
Department of Public Health